GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7761
ANSWERED ON:17.05.2002
GUARANTEE RISK RESERVE FUND
CHANDRA BHUSHAN SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have decided to create a guarantee risk reserve fund for State Governments for servicing debt obligations in case projects back-fire; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN

(a)&(b) : In view of the growing magnitude of guarantees and the impact this could have on future fiscal position of the States, the RBI constituted a Technical Committee to examine the issue of State Government Guarantees in all its aspects. The Committee has, inter-alia, recommended that each State set up a contingency fund or make some provision for discharging possible devolvement of guarantees provided by them. Since the recommendations of the Committee, several States have takensteps to set up Guarantee Redemption Fund and earmarked guarantee fees received, towards the fund.